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INFO OCT-01 EA-07 IO-10 ISO-00 AID-05 CEA-01 CIAE-00

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INFO AMEMBASSY ANKARA

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PASS: USDA FOR FRASER, WITCHER, ANDERSON FAS; NOHRE,
LEE ERS; AID, FARRAR.

E.O. 11652: N/A

TAGS: EAGR OECD

SUBJECT: WP-3 (DAIRY) OF COMMITTEE FOR AGRICULTURE
MEETING DECEMBER 8-10, 1975

1. SUMMARY: WP DISCUSSED DAIRY OUTLOOK, EXPECTS BUTTER SURPLUS TO DEVELOP AND NO RELIEF FROM NFDM SURPLUS. DISCUSSIONS ON USE OF SKIM MILK POWDER AS FOOD AID STRESSED (1) LIMITED ABSORPTIVE CAPACITY OF LDC'S AND (2) PROBLEMS CREATED BY IRREGULARITY OF SUPPLIES FOR AID. AGREEMENT ON PROJECT ON "MEDIUM-TERM FORECASTS FOR 1980-82" TO BE UNDERTAKEN 1976/77. ATMOSPHERE OF MEETING WAS STRANGELY ACADEMIC WITH ONLY ORACLE-LIKE HINT AT EC PROPOSALS RE IMPORT DEPOSIT ON SOYBEANS AND NFDM FEED MIXING AND WITH NO QUESTIONS RE US COUNTERVAILING CHEESE DUTY INVESTIGATIONS AND NEW US SANITARY IMPORT REGULATIONS FOR DAIRY PRODUCTS. END SUMMARY.

2. AGENDA, AGR/WP3/A(75)2, ADOPTED. "SITUATION AND PROSPECTS" AGR/WP3(75)13, DISCUSSED. UK DEL PROJECTS COW NUMBERS JULY 1976 2-3 PCT.BELOW YEAR EARLIER AND 10 PCT.BELOW 1973 PEAK, DECLINE TO BOTTCM OUT AFTER 3RD QTR.1976. US DEL GAVE ABBREVIATED VERSION OF ERS OUTLOOK FOR DAIRY, OBSERVED DCCLINE IN CCMMERICAL DIS-APPEARANCE OF NFDM AND 200,000 MT CCC UNCOMMITTED INVENTORY BUT STRESSED THAT US COMMERCIAL SALES ARE VIRTUALLY ALL FOR HUMAN CONSUMPTION. AUSTRALIA HAD 2 PERCENT MILK PRODUCTION INCREASE, JULY-OCT 1975 CF. WITH YEAR EARLIER, AFTER BOUNTIES ENDED IN JUNE. STRUCTURAL ADJUSTMENTS AND NO FURTHER INCREASES EXPECTED. NETHERLANDS DEL REPORTED LABOR INCOME OF DAIRY FARMERS DECLINED 25 PCT. IN 1973/74 AND 35 PCT. IN 1974/75. DANISH DEL EXPECTED INEXPENSIVE GRAIN AND SOYBEAN MEAL SUPPLIES BECAUSE OF PLENTIFUL US SUPPLIES. US DEL
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AGREED FOR MEAL BUT REMINDED WP THAT FECD GRAINS CANNOT BE BOUGHT INEXPENSIVELY BY DANISH OR ANY OTHER EC LIVESTOCK FARMERS BECAUSE CAP INSULATES EC FROM ATTRACTIVE FEATURES OF PLENTIFUL SUPPLY. SWISS DEL DISCUSSED NFDM SURPLUS REMOVAL IN TERMS OF SUBSIDIZING FEEDER'S PRICE FOR PURCHASE AT \$26/100 KG. FRENCH DEL REPORTED JAN-NOV NFDM CONSUMPTION (TH.T.) 360, SAME AS LAST YEAR, BUT EXPORTS DOWN 100, NOV. 1 STOCKS

UP 223 (TO 373), PRODUCTION 687 CY-1975, AND 715
PROJECTED FOR CY-1976; MILK DELIVERIES PROJECTED UP
2.8 PCT.
IN 1976. GERMAN DEL PROJECTED 1 PCT. INCREASE IN 1976
MILK DELIVERIES, 2 PCT. IN BUTTER PRODUCTION, 3 PCT.
IN NFDM; CONSUMPTION PROJECTIONS, BUTTER AND NFDM DOWN
5 PCT. PRINCIPAL PROBLEM WAS COMPETITION OF SOYBEAN
MEAL WITH NFDM AND 336 TH. T. STOCKS NOV. 1. HE
POSTULATED USE OF NFDM FOR HOG AND POULTRY FEED
AND INCREASED EXPORTS.

3. UK DEL PROJECTED 1976 BUTTER CONSUMPTION DECLINING
TO 300 TH.T. AND STRESSED WIDENING PRICE GAP BETWEEN
BUTTER AND MARGARINE; SO DID MANY OTHER DELS.

4. FREN:H DEL PROJECTED DECLINE IN NO.OF MILK

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PRODUCERS FROM 600 TH. NOW TO 300 TH. IN 1985 AS A
RESULT OF NATURAL RETIREMENT, POSTULATED RIGID
PRICE FIXATION. JAPANESE DEL CRITICIZED INCREASE IN
FRENCH COW NOS., N.Z. DEL FAVORED SOME PRESSURE ON
INEFFICIENT PRODUCERS, US DEL POINTED OUT THAT
WHILE US HAD DAIRY SUPPORT PROGRAM, IT WAS MORE RESPON-
SIVE TO MARKET THAN EC PROGRAM AND CRITICIZED FRENCH
POSTULATE THAT PRICE SHOULD BE INSULATED FROM MARKET
FORCES.

5. EC DEL SAID MILK PRODUCTION NOT INCREASING AT RAPID
RATE, IN 1975 1.5 PCT. DECLINE IN COW NOS. OFFSET BY
1.5 PCT. YIELD INCREASE, PROJECTED LESSER DECLINE IN
COW NOS. IN 1976 AND 2-3 PCT. PRODUCTION INCREASE,
CONSUMPTION CONSTANT IN 1975, DECLINING IN 1976. BUTTER
PRODUCTION UP 2-3 PCT. 1975, 2-4 PCT. 1976, CONSUMP-
TION DOWN 2-3 PCT. 1975, 3-5 PCT. 1976, STOCKS INCREASED
100 TH. T. 1975, MIGHT EQUALLY INCREASE 1976; 1975
CHEESE PRODUCTION AND CONSUMPTION INCREASES CAN'T BE
MAINTAINED IN 1976. DECLINE IN EXPORTS TO US OBSERVED.
CONTINUED HEAVY DECLINE IN AMOUNT OF LIQUID
SKIM MILK RETURNED BY PLANTS TO FARMERS. NFDM BALANCE
1975: BEGINNING STOCKS 580, PRODUCTION 1,940, IMPORTS
20, TOTAL SUPPLIES 2,540; FEED 1,050, HUMAN CONSUMP-
TION 250, EXPORTS (INCL. AID) 150, ENDING STOCKS 1090.

MOST IMPORTANT IN STOCK BUILDUP WERE: DECLINES IN EXPORTS (-163) AND FEED (-93) AND PRODUCTION INCREASE (114). DESCRIBED BAKERY USE OF NFDM AS "DIFFICULT".

6. DISCUSSION ON FEASIBILITY OF INDUCING FARMERS TO TAKE BACK MORE (INSTEAD OF LESS) LIQUID SKIM MILK. NETHERLANDS DEL CLAIMED POWDER CONVERTS BETTER INTO MEAT THAN LIQUID SKIM. EC DEL CONTRASTED NFDM INTERVENTION PRICE OF 88.7 U.A./100 KG WITH ITS 15 U.A. FEED VALUE.

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7. FINNISH DEL REPORTED THE EXISTENCE OF A LONG-TERM CONTRACT TO SUPPLY AT LEAST 20 TH. T. A YEAR OF WHOLE MILK POWDER TO USSR, AT LEAST THROUGH 1977.

8. N.Z. GAVE INDICES OF REAL INCOME OF DAIRY FARMERS 1969/70, 100; 139, 148, 133, 107 FOR FOLLOWING YEARS, 18 PCT. PRICE INCREASE OF N.Z. BUTTER IN EC (U.K.) "WILL HELP" IN 1975/76.

9. FAO DEL REPORTED SOVIET MILK PRODUCTION UP 1 PCT. DURING JAN-OCT. 1975. WORLD MILK PRODUCTION (IN MILLION T.) ESTIMATED 423 IN 1974 AND 425 IN 1975.

10. "USE OF SKIM MILK POWDER IN FOOD AID", AGR/WP3(75)14, INTRODUCED BY SECRETARIAT. US DEL COMMENDED PAPER, POINTED OUT THAT US SKIM MILK POWDER DONATIONS FY-L955 THROUGH 1973 AVERAGED 200 TH. T. A YEAR, WERE 0 IN FY-1974 AND 44 TH. T. IN 1975; 1976 AND 1977 ALLOCATIONS UNDER CONSIDERATION. HOWEVER, IN MAKING DONATIONS THE CONCEPT OF SEPARATION FROM COMMERCIAL MARKET, MOSTLY BY RECOGNITION OF SPECIAL POPULATION GROUPS, HAD TO BE ADHERED TO. REFERENCE MADE TO FAO COMMITTEE ON SURPLUS COMMODITIES. N.Z. AND AUSTRALIAN DELS ENDORSED PAPER AND US INTERVENTION, STRESSED NEED FOR REGULAR COMMITMENTS, BUT EXPRESSED SOME WORRY ABOUT QUASI-DUMPING. NETHERLANDS DEL SUMMARIZED A RECENT DUTCH REPORT MENTIONING THEORETICAL WORLD NEEDS OF 4 MILLION T. POWDER BUT CONCLUDING THAT DONATIONS OF 200-250 TH. T. A YEAR WOULD BE REALISTIC FOR THE PRESENT. EC DEL GAVE ANNUAL EC AID SHIPMENTS OF NFDM BEGINNING 1970 (IN TH.T.) AS FOLLOWS: 25, 47, 56, 46, 47 AND FOR 1975 AN ESTIMATE OF 70-80. THOUGHT TOTAL PRESENT AID ABSORPTIVE CAPACITY WAS 250 OR, MORE REALISTICALLY, 150. GERMAN DEL POSTULATED SETTING OF MINIMUM FOOD AID TARGETS FOR DAIRY PRODUCTS SIMILAR TO GRAIN AID TARGETS. HOWEVER, HE VITIATED THIS BY SAYING THIS MEANT

PROGRAMMING FOR SURPLUS PRODUCTION; HIS GOVT. STILL
HOPED TO SOLVE SURPLUS PROBLEM BY STRUCTURAL ADJUST-
MENT. JAPANESE DEL THOUGHT PERMANENT AID DESTROYS
RECIPIENT COUNTRIES' AGRICULTURE, CRITICIZED LONG-
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TERM AID PROGRAMS BUT ADMITTED POSSIBILITY OF DEVELOP-
ING PERMANENT COMMERCIAL MARKETS FROM AID. AGREEMENT
TO DO MORE WORK, IN COOPERATION WITH DEVELOPMENT
ASSISTANCE COMMITTEE PARTICULARLY ON AID RECIPIENTS'

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ACTION EUR-12

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A/SORPTIVE CAPACITY, BEFORE APRIL 26-MAY 9 MEETING OF
WORLD FOOD COUNCIL'S COMMITTEE ON FOOD AID POLICIES
AND PROGRAMS.

11. WP APPROVED SECRETARIAT PROPOSAL FOR MEDIUM-TERM
(3-5 YEARS) FORECAST WORK TO BE STARTED IN 1976 AND
COMPLETED IN 1977. METHODOLOGY TO BE DISCUSSED AT
SPRING MEETING, QUESTIONNAIRES TO GO OUT IN SUMMER.
FINNISH AND GERMAN DELS ASKED FOR CRITICAL EVALUATION
OF PRECEDING MEDIUM-TERM STUDY. AUSTRALIAN DEL SAID
HIS BAE NOW MAKING 1979-80 PROJECTIONS.

12. UNDER "OTHER BUSINESS" N.Z. DELEGATE SAID HE WAS
INSTRUCTED TO POINT OUT THAT THE N.Z. DAIRY BOARD, A
COMMERCIAL ENTITY, AND A SOLE TRADER, FELT THAT ITS
CURRENT DATA ARE SENSITIVE INFORMATION AND THEIR CON-
FIDENTIALITY SHOULD BE RESPECTED BY MEMBER GOVERN-
MENTS. THE BOARD WAS PARTICULARLY DISTURBED BY THE
REFERENCES TO NEW ZEALAND ON PAGE 23 OF THE ERS DAIRY
SITUATION, DS-356. US DEL REPLIED THAT HE WAS FLATTERED
AT THE THOUGHT THAT HE MIGHT HAVE TRANSMITTED THE IN-
FORMATION PUBLISHED BY ERS AS LONG AS NO CONFIDENTIA-
LITY HAD PREVIOUSLY BEEN INVOKED. HOWEVER, IT WAS MORE
LIKELY THAT THAT INFORMATION WAS TRANSMITTED BY THE US
AGATTACHE IN WELLINGTON. HE WOULD REPORT THE CONCERN
OF THE N.Z. DAIRY BOARD HOME BUT COULD REALLY SEE
NOTHING WRONG WITH THE PUBLICATION OF A SITUATION RE-

PORT AS THAT UNDER DISCUSSION. N.Z. DEL SAID HE WAS ONLY DISCHARGING HIS INSTRUCTIONS. U.K. (MAFF) DEL SAID HIS FELLOW DEL WAS FROM THE MILK BOARD, ALSO A COMMERCIAL ENTITY, AND HE REJECTED THE SUGGESTION THAT HE SHOULD NOT SHARE ALL WP DOCUMENTS WITH HIM.

13. NEXT MEETING TENTATIVELY SCHEDULED FOR WEEK BEGINNING APRIL 5.

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Message Attributes

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